

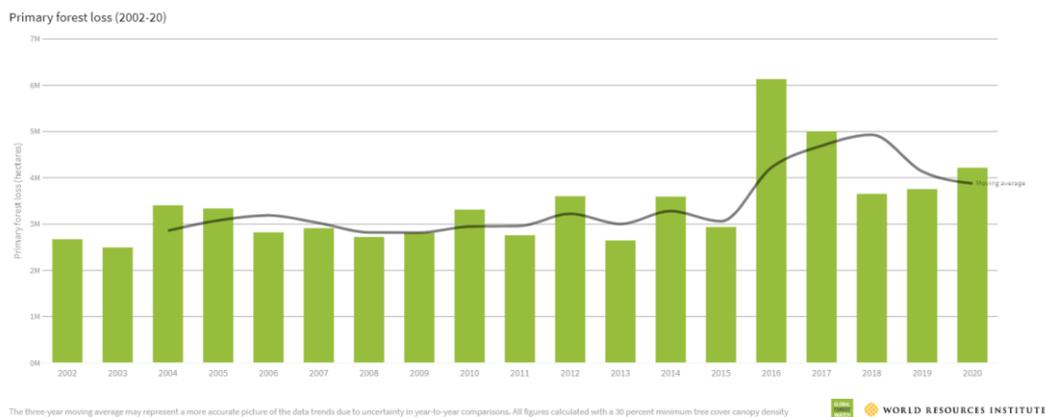
Newsletter 2021-2

Tropical forests disappear at an alarming rate, causing huge CO2 emissions and a dramatic loss of biodiversity and of the livelihoods of hundreds of millions of poor people. REDD+ is the UN mechanism to stop this process as part of the Paris Agreement. The mission of the REDD+ Business Initiative (RBI) is to promote the implementation of REDD+ via voluntary action and via interaction with policy makers. This bi-annual Newsletter gives the results with the following chapters:

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Latest on Deforestation

Primary Rainforest Destruction Increased 12% from 2019 to 2020



According to new data from the University of Maryland and available on [Global Forest Watch](#), humid tropical primary forest loss accounted for 4.2 million hectares in 2020, an area the size of the Netherlands. The resulting carbon emissions (2.64 Gt CO₂) are equivalent to the annual emissions of the entire European Union.

Primary forest loss was 12% higher in 2020 than the year before and the second year in a row that primary forest loss worsened in the tropics. Brazil had again the highest loss of primary forest (1,6 mln ha), followed by the Democratic Republic of Congo (0,5 mln ha), Bolivia and Indonesia (0,25) and Peru (0,20). Deforestation increased in Colombia and Cameroon, but decreased in Indonesia due to improved fire monitoring, a temporary moratorium on palm oil plantation and a permanent moratorium on primary forest and peatland conversion. <https://research.wri.org/gfr/forest-pulse>

Large scale forest protection much more effective than planting trees

Large scale protection of tropical forests is much more effective than planting trees. Not only from the point of view of biodiversity conservation, but also for climate change mitigation. This is revealed in a recent white paper of Forest Trends, UNEP, EDF and Emergent. It states that reforestation requires 50 times more land than forest conservation to achieve the same mitigation outcome. In other words, to compensate for the emissions caused by cutting down 1 hectare of mature rainforest, you have to plant 50ha new trees. So it makes sense to prioritize saving existing mature forests over planting new trees.

<https://www.emergentclimate.com/wp-content/uploads/2021/07/Jurisdictional-White-Paper-1.pdf>

Planting trees for net-zero emissions may lead to hunger

A new study by Oxfam, called “*Tightening the Net*” shows there is a very real risk that the explosion in net zero commitments will fuel a new surge in demand for land, particularly in low- and middle-income countries, which would lead to mass displacement and hunger.

Oxfam states that while stopping deforestation is of course a good thing to do and brings enormous environmental and social benefits, it is mathematically impossible to plant enough trees to meet the combined net zero targets announced by governments and corporations, Oxfam calculated that the total amount of land required for planned carbon removal could potentially be five times the size of India, or the equivalent of all the farmland on the planet.

<https://policy-practice.oxfam.org/resources/tightening-the-net-net-zero-climate-targets-implications-for-land-and-food-equ-621205/>

RBI news

RBI realized a 16,2 MtCO₂ emission reduction

Since the formal start of the REDD+ Business Initiative in 2013, its members collectively purchased CO₂-credits from REDD+ projects to the equivalent of 16,2 MtCO₂.

Of this amount, 2,3 MtCO₂ came from the RBI's Flagship project Tambopata-Bahuaja Biodiversity Reserve in Peru. With these purchases, the members helped not only to preserve large areas of pristine tropical forests, but also contributed to the improvement of agricultural practices, land rights and trade channels, as well as support to biological monitoring and research.

Tambopata well on track to realise it's goals

The goal of RBI's Flagship project Tambopata as formulated at its start in 2010 was to avoid 4MtCO₂ emissions by 2020. By the end of 2020 an emission reduction of 3,9 was realized, which is 98% of the original goal. Of this reduction 2,3 MtCO₂ was realized by RBI members. The ambition to support local farmers is well on track, the project created or supported 352 jobs and contributed €4,835,192 to the local economy. The biological monitoring and research resulted in the discovery of three brand new Amazonian speci completely new to science: the Arrozalero Mouse, the Radiant Marsupial Weasel and the Ophoides Althelius, or Legless Lizard.

[See here](#) to learn more about the work on the ground at Tambopata

RBI selected two new Flagships

As the credits of the Tambopata project have nearly sold out, RBI has chosen two new Flagship projects from the portfolio of Ecosphere+.

Sumatra Merang Peatland Project



The Sumatra Merang Peatland project works to restore more than 22,934 hectares of peatland rainforest in the Merang biodiversity zone in Indonesia, one of the largest and deepest peat swamp areas in South Sumatra. Climate finance is used to rehabilitate and protect this critical ecosystem at risk of drainage and exploitation from acacia and palm oil plantations. This prevents the release of significant volumes of emissions, while creating a conservation area for hundreds of unique and endangered species such as the Sumatran Tiger. The project focuses on working with surrounding villages through a community development fund, which supports community-selected activities.

Read more on <https://ecosphere.plus/sumatra-merang-peatland/>

Nii Kaniti Project in Peru



The Nii Kaniti project is located in the eastern part of Peru. It focuses on protecting rainforest and on indigenous land through scaling up sustainable forest management with seven local communities. The project addresses the local drivers of deforestation and forest degradation by supporting the development of socially inclusive businesses, such as FSC certified timber extraction, cacao agroforestry and indigenous handicrafts. The project area, on the edge of the Amazon Rainforest, is home to multiple threatened species, including the jaguar and blue-headed macaw. By protecting over 116,000 hectares of critical rainforest ecosystem, the project has to date avoided over 2.5 million tonnes of CO₂.

Read more on <https://ecosphere.plus/nii-kaniti/>

Policy developments

Landmark Deforestation commitments in Glasgow

During the UN Climate Conference in Glasgow in November 2021 (COP-26) several forest-related commitments were made.

- 137 countries signed up to the *Glasgow Leaders Declaration on Forests and Land use*.
- 28 countries signed the *Forest Agriculture and Commodity Trade Road Map*, aimed at establishing deforestation free supply chains.
- 30 financial institutions (among which Robeco en NN investment) agreed to eliminate commodity driven deforestation from their investment and lending portfolios

The *Glasgow Leaders Declaration on Forests and Land use* is aimed at halting deforestation by 2030. Large forest countries like Brazil, Congo and Indonesia have put their name to the deal as well as large consumers of deforestation-linked commodities like China, the EU and the US. To make the agreement work, 10,2 billion Euro of public funding and 6,2 private funding have been pledged. <https://www.bbc.com/news/science-environment-59088498>

The promises were made against the backdrop of earlier commitments on halting deforestation that failed and disturbing news on deforestation in for instance Brazil.

Nevertheless Brazil signed the agreement and both Indonesia and Brazil announced that they will allow the carbon market to play an important role in reducing deforestation. If this is part of a proper policy framework for halting deforestation and sustainable development it might turn the tide.

<https://foresthints.news/landmark-presidential-regulation-prioritizing-indonesias-ndc-target-signed/>

<https://www.bloomberg.com/news/articles/2021-10-23/brazil-opens-door-to-carbon-market-deal-at-cop26>

CoP-26 agreement on Article 6 rulebook

The CoP-26 in Glasgow reached an agreement on Article 6 of the Paris rulebook. This makes carbon markets an official and active part of the Paris Agreement. The Land use and Forestry sector are eligible under article 6 of the rulebook, which opens the way to REDD+ via the compliance market and the voluntary carbon market. This is a crucial addition to the efforts to release the pressure on forests via deforestation free supply chains.

Article 6 refers to the international transfer of credits between countries (the Parties).

Although the voluntary carbon market is not explicitly referred to, private parties will be able to participate in Article 6 transactions to meet corporate climate goals. Whether these transactions should involve credits with or without corresponding adjustments is left to the judgement of host countries and to carbon standards and crediting programs. The standards have reacted differently. The Gold Standard said that it considers corresponding adjustments necessary for carbon offsetting and carbon neutral claims. Verra, on the other hand, leaves it to other initiatives, such as the [VCMi](#) to develop guidance. RBI's position on the topic hasn't changed and is in favour of using the voluntary carbon market to help raise the ambitions of forest countries under the Paris agreement, with and without corresponding adjustments.

<https://www.ecosystemmarketplace.com/articles/what-does-the-article-6-rulebook-mean-for-redd/>

<https://www.ecosystemmarketplace.com/articles/shades-of-redd-corresponding-adjustments-for-voluntary-markets-seriously/>

https://1882e073-003c-404e-8ee4-149fd66e9775.filesusr.com/ugd/653476_d09c3ae55ba346d78450df01fdc567dc.pdf

Developments on the Voluntary Carbon Market

Voluntary Carbon Market still booming

Both market volume and market value reached new highs in the first half of 2021. By August 31st market transactions had already reached a volume of 239 MtCO₂ (twice the total volume of 2019) with a market value of \$748 million, meaning this years value will likely exceed \$1 billion. According to the forecast from [McKinsey](#), annual global demand for carbon credits will increase further and could reach up to 1.5 to 2 billion metric tons of carbon dioxide by 2030

and up to 7 to 13 billion metric tons by 2050. A prediction that has been supported by the Bank of America. The bank states that using offsets “is not a sign of being lazy, it’s a reality of decarbonisation goals set by companies and governments”.

In the first half of 2021 48% of the market volume and 72% of the value came from the forestry and landuse sector. Despite media critics, REDD+ has the largest share with a dramatic rise in volume, including a 166% rise in avoided unplanned deforestation and 972% in avoided planned deforestation. Standard setting bodies like Verra (VCS), holding 90% of the market, pushed back against the media critics and announced new requirements with respect to base line setting. So the REDD+ it is expected to grow further, as is illustrated by the LEAF Coalition in which many large corporates- mainly from the US- have committed to halting deforestation through REDD+. In 2021, LEAF mobilized \$1bn in financing, kicking off largest-ever public-private efforts to protect tropical forests

<https://www.ecosystemmarketplace.com/publications/state-of-the-voluntary-carbon-markets-2021/>

www.cnbc.com

<https://leafcoalition.org/>

Large investors urge companies to draw up a climate transition action plan



Eumedion, representing 53 institutional investors, urges all Dutch listed companies to draw up a transition plan in the coming year in order to operate fully climate neutrally by 2050 at the latest. The transition plan must contain short-, medium- and long-term CO2 emission reduction targets and set out how the company intends to achieve these targets. Companies are expected to report annually on the progress of the CO2 reduction targets.

In the Spearhead Letter 2022 of Eumedion the companies are encouraged to have the reduction targets validated by the Science Based Targets initiative (SBTi) and audited by the external auditor. The reduction targets must relate to the own activities as well as those of suppliers, customers and end users (ie the entire 'value chain'; the so-called scope 1, 2 and 3). The letter does not deal with the instruments needed for meeting the targets, but it is clear that large scale offsetting is needed on top of a massive reduction in the use of fossil fuels.

<https://www.eumedion.nl/actueel/nieuws/grote-beleggers-alle-beursondernemingen-moeten-een-klimaattransitieactieplan-opstellen.html>

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